

# United States Senate

WASHINGTON, DC 20510-3203

April 23, 2020

The Honorable Hannibal "Mike" Ware  
Inspector General  
U.S. Small Business Administration  
409 3rd Street, S.W., Suite 7150  
Washington, DC 20416

Dear Inspector General Ware:

We write to request that you investigate reports that certain lenders participating in the Small Business Administration's (SBA) Paycheck Protection Program have prioritized the applications of their larger and wealthier clients to the detriment of smaller business adversely impacted by the coronavirus pandemic.

According to these reports, some private and commercial banking customers received special treatment from their banks when applying for Paycheck Protection Program, including "concierge"-type services that provide personalized assistance filling out paperwork and fulfilling other administrative requirements. At the same time, many retail customers, including smaller business that are at greater risk because of the pandemic, have struggled to receive timely assistance from their banks to help complete their applications and receive these much-needed funds.

Although the intent of the Paycheck Protection Program is to provide expeditious relief to struggling small businesses, in order to encourage their participation, banks are compensated for processing loans under the program and are entitled to fees, which are payable upon issuance of the loan. In addition, the banks benefit from a 100 percent loan guarantees and may use the loans as collateral to receive low cost term funding from the Federal Reserve. It is therefore essential that the most hard-hit businesses and underserved small businesses—including rural small businesses, minority-owned small businesses, and women-owned businesses—receive assistance as quickly as possible from any eligible lender. The lack of a prior relationship with a larger bank should not stand in the way of lending to small businesses that are truly small, unbanked, underserved, minority or woman-owned. It is for that reason that Congress set aside \$60 billion for smaller entities. During this national emergency, all banks should open their doors to all small businesses in this time of need.

Accordingly, we ask that your office immediately review the implementation of the Paycheck Protection Program by SBA-eligible lenders and determine how the choices of these lenders impact the program's policy goals of targeting aid to the small businesses that need it most. We also ask that you provide recommendation by May 8, 2020 on SBA's current rules, regulations, policies, and procedures to ensure small businesses get the money they need and are treated fairly by any lender participating in the Paycheck Protection Program.

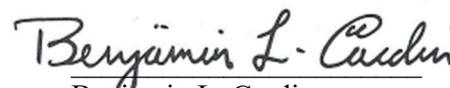
Sincerely,



Charles E. Schumer  
United States Senator



Sherrod Brown  
United States Senator



Benjamin L. Cardin  
United States Senator